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ABSTRACT

Changing workplaces offer opportunities for workers and companies that are flexible and willing to learn and adapt. Some trends in the changing workplace include the following; (1) downsizing among companies is decreasing; (2) companies are creating jobs while eliminating other jobs; (3) economic factors are as likely to create jobs as eliminate jobs; (4) investing in training and education is a key to helping companies improve performance after downsizing; (5) the job displacement rate decreased in the 1990s; (6) displacement rates for white-collar industries have risen more quickly than the rates for blue-collar industries; (7) many lifetime jobs still exist; (8) job displacement and reemployment opportunities vary by region of the country, with reemployment rates highest in the Midwest and South in 1993-94; (9) workers are extremely resilient despite downsizing; (10) displaced workers seek training from a wide variety of sources; (11) education and training are key to improving employee loyalty; and (12) today's workers are less expecting of job security, are more satisfied with their jobs, view changing jobs as part of growth, define loyalty as accomplishment, think work provides a chance to grow, and believe that individuals are responsible for their career growth. (KC)

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MARCH 1998

NATIONAL ALLIANCE OF BUSINESS

WORKFORCE ECONOMICS TRENDS

THE BUSINESS VOICE ON WORKFORCE DEVELOPMENT

ED 417 349

The New Reality: Emerging Responsibilities in a Changing Workplace

While many pundits regard "downsizing" as the leading workplace issue of the 1990's, the reality is very different. The changing workplace means that workers can take advantage of significant new opportunities in companies and industries that are undergoing transformation and realignment. Workers, seeking new career or occupational paths, can escape from dead-end jobs, declining con,panies, and depressed industries and move into jobs, companies, and industries with significant growth opportunities. Rather than diminishing job security, security is enhanced as companies and employees constantly reconfigure and reinvent themselves. As a result, these changing demands will present both new opportunities as well as paradoxes and challenges to companies and workers as they adjust.

Employers and employees are taking on these responsibilities. Instead of seeing job loss as an end, many workers now see job loss as opening up new opportunities and possibilities. Companies, facing shifting markets and changing functions, are innovating by aligning with new partners to support both company and employee development needs.

Like the U.S. economy itself, many companies are in the midst of a long-term, structural transition as they constantly adjust to changes in global, dynamic, competitive markets. These changes will also be a permanent feature of the economy now and in the future. This transition is not painless nor solved overnight. It cannot be ignored or legislated away. Rethinking and revising public policy and company policy, which is an important ingredient in easing this transition, is needed.

Companies and workers are rethinking the principles that previously defined the relationship between employees and employers. They are redefining responsibilities in new and fundamental ways. Companies are adopting new human resource policies and practices that are aimed at capitalizing on the creativity, commitment, and effort of their employees. Yet they are also maintaining and preserving the flexibility they need to adjust the size and skills of their workforce on a continuous basis. For workers, the advantage is that they will become more "employable" -- learning new and different skills that maintain their value to current and future employers as they learn these new and different skills.

Workforce Economics Trends is a compilation prepared by the Alliance of research profiling our nation's current and future workforce. The information --- statistics, facts and demographics --- highlighted are intended to help advance efforts to build a quality workforce.

Alliance members receive *Workforce Economics Trends* six times per year, bimonthly. Further information and analysis about the state of the American workforce are provided through the Alliance's newsletters --- *Work America*, *Workforce Economics* and our faxed bulletin *Legislative Update*.

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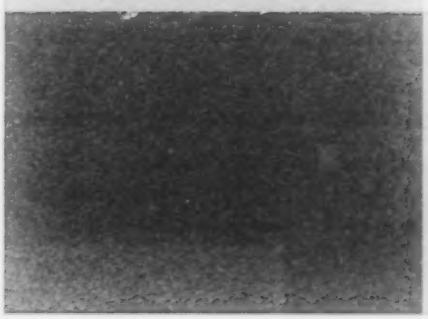
WORKFORCE ECONOMICS TRENDS

The result is that companies and individuals who have made investments in continuous learning are better equipped to make these job transitions and adapt successfully to changes in their careers and companies. Moreover, companies that are making these investments and providing a range of other flexible benefits -- in work schedules, telecommuting, flexible retirement and health benefits -- are increasing employee loyalty and preserving the adaptability and flexibility that both companies and individuals now demand.

In response, a new type of worker is emerging in the workplace. This new worker is redefining the attributes they seek from companies and in the workplace. These include performance-based recognition and promotion; involvement in decision making; clear measures of accountability; and companies that share jointly in the investments that ensure company and individual flexibility and the continued employment and career development of their employees -- whether with their current employer or future employers.

National Alliance of Business Board member Keith Bailey, Chairman and CEO of The Williams Companies -- a $14 billion national leader in energy and communications -- and one of the founding partners of The Business Channel which provides interactive technical training, on-demand distance learning, and Internet and telemarketing services, offers these comments:

> "Adaptability is an essential ingredient for success in today's global marketplace. Education and training ensure companies and individuals have the necessary skills to adapt to today's constantly changing work environment. Business must create new partnerships and strategic alliances to provide employers and employees alike with ready access to the latest training, distance learning, and on-demand skill enhancements."



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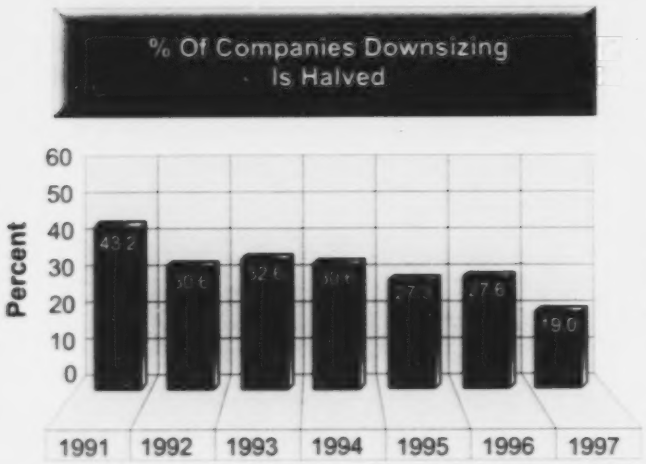
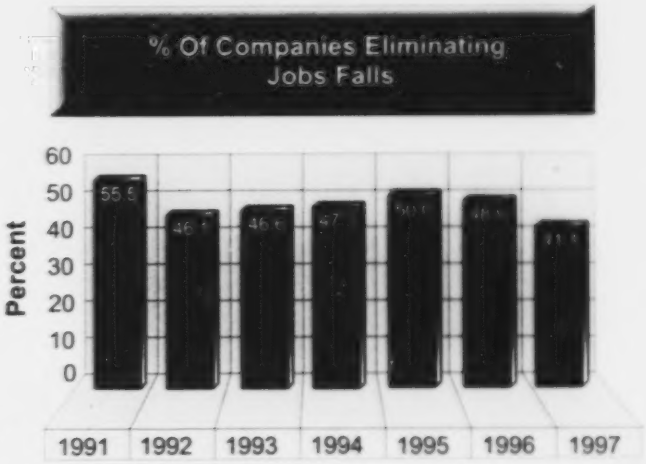
Downsizing Among Companies Continues to Trend Down...

The number of companies eliminating jobs and downsizing (defined as companies reporting a net decrease in their workforce) is now at its lowest level in the 1990's. According to the most recent survey from the American Management Association the number of companies "downsizing" has been halved since 1991.

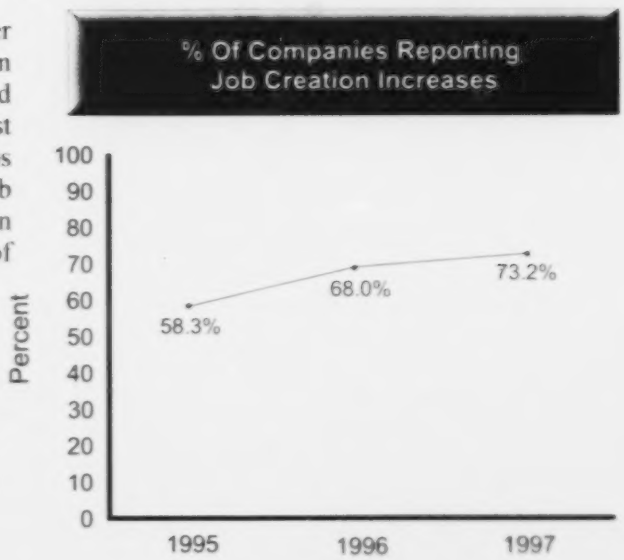




Source: 1997 American Management Association (AMA) Survey on Corporate Job Creation, Job Elimination, and Downsizing.

Companies Are Also Simultaneously Creating Jobs While Eliminating Other Jobs...

Companies are concurrently creating jobs in other divisions or other locations while eliminating jobs. In 1997, nearly three-fourths of the companies reported creating new jobs within their companies. Over the last three years, the number of companies adding new jobs has grown by 15 percentage points. Rates of job creation and destruction, for instance, within manufacturing industries are quite high - 10 percent of all employment turns over in a year.



Source: 1997 American Management Association (AMA) Survey on Corporate Job Creation, Job Elimination, and Downsizing and Steven Davis, John Haltiwanger, and Scott Schuh, "Small Business and Job Creation: Dissecting the Myth and Reassessing the Facts," October 1993, National Bureau of Economic Research Working Paper.

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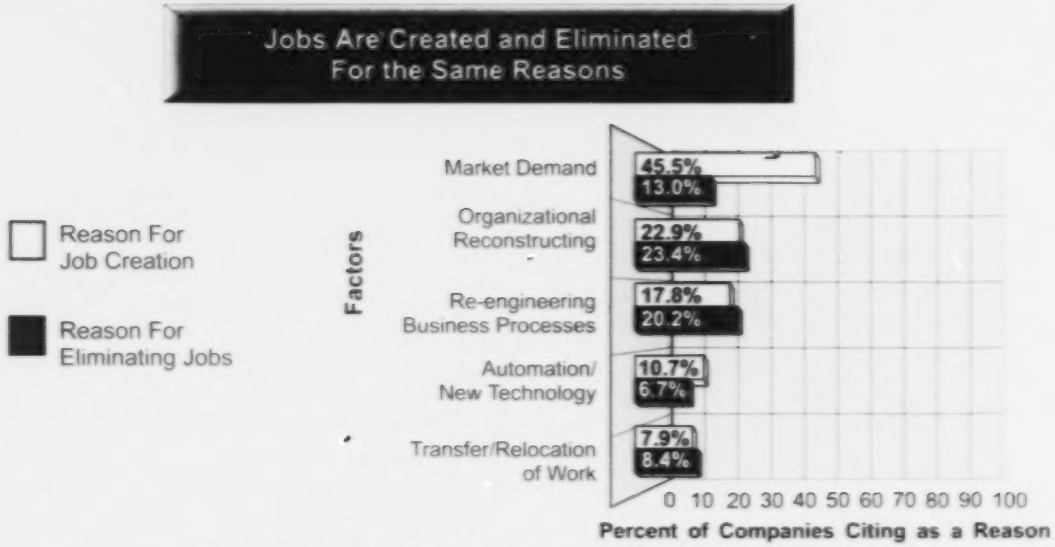
Economic Factors are as Likely to Create Jobs as Eliminate Jobs...

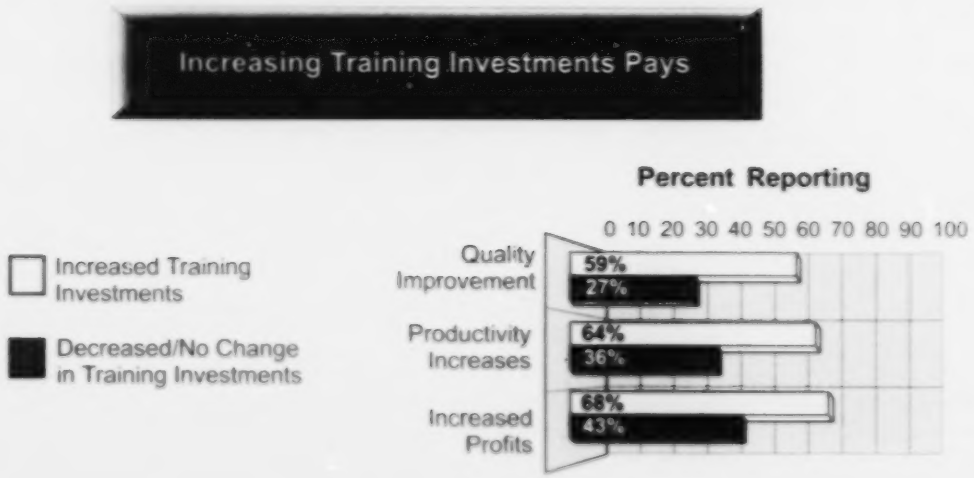
The factors driving companies -- markets, automation, technology, and organizational changes -- are just as likely to lead companies to add new jobs as to eliminate jobs. For instance, a larger percentage of companies said they created jobs because of automation/technology than said they eliminated jobs for the same reason.



Source: 1997 American Management Association (AMA) Survey on Corporate Job Creation, Job Elimination, and Downsizing

Investing in Training and Education is a Key to Helping Companies Improve Performance After Downsizing...

Companies that increase their training activities and budgets after eliminating jobs are much more likely to see bottom-line and tangible improvements in company performance versus those that do not make such investments.



Source: 1997 American Management Association (AMA) Survey on Corporate Job Creation, Job Elimination, and Downsizing

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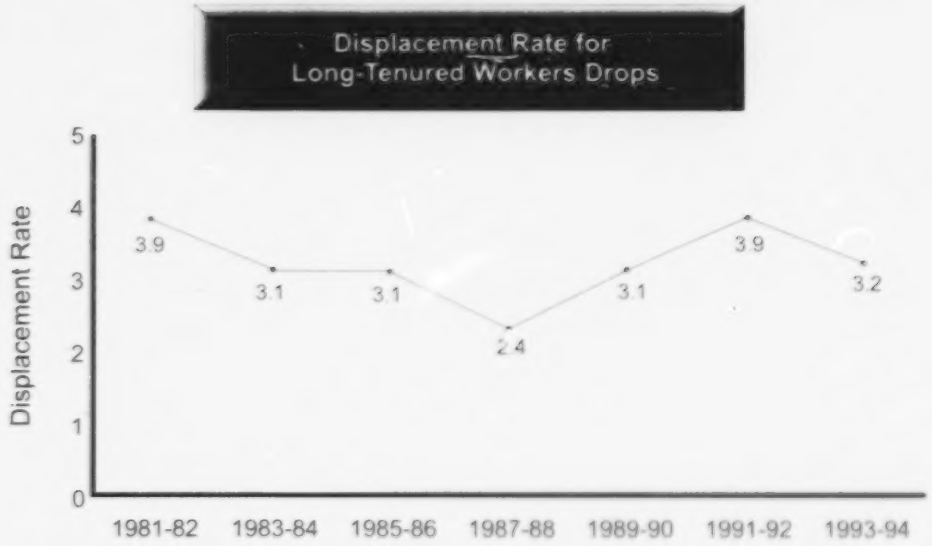
Job Displacement Data Trend Down in the 1990's...

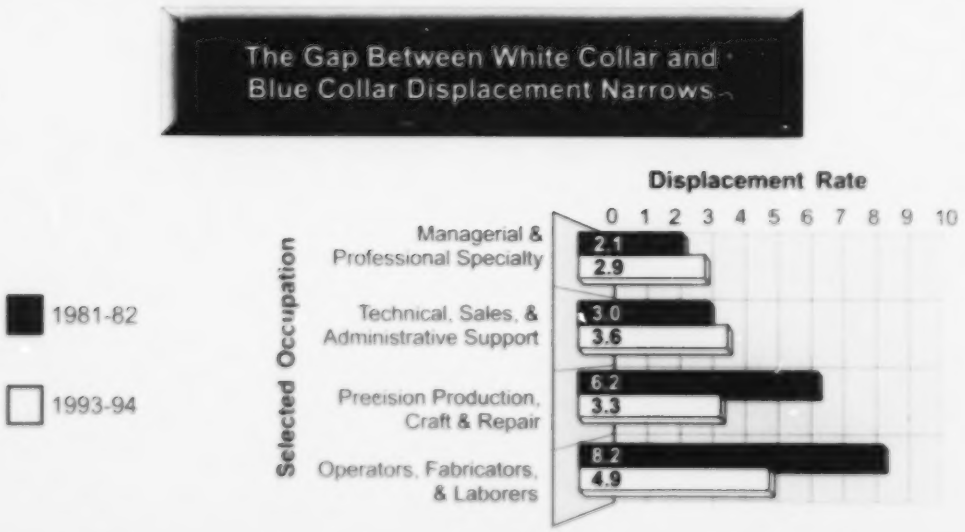
According to data from the US Bureau of Labor Statistics, the job displacement rate has moved with the business cycle -- increasing in economic recessions and falling when the economy rebounds. Displacement rates for long-tenured workers (those with more than three years of tenure with their current employer) fell between 1991-92 and 1993-94. Indeed, the displacement rate was about equal to the displacement rate in 1989-90.



Source: Steven Hipple, "Worker Displacement in an Expanding Economy" Monthly Labor Review, December 1997

Displacement Rates for Particular Occupations and Industries Have Changed Since the Early 1980's...

Since the early 1980's, the risk of job loss among different occupations has changed significantly. The rate of white-collar worker displacement has risen while the displacement rates for workers in other occupations has fallen. While workers in blue-collar occupations still remain most at risk, the gap between displacement rates for white-collar and blue-collar workers has narrowed.



Source: Steven Hipple, "Worker Displacement in an Expanding Economy" Monthly Labor Review, December 1997

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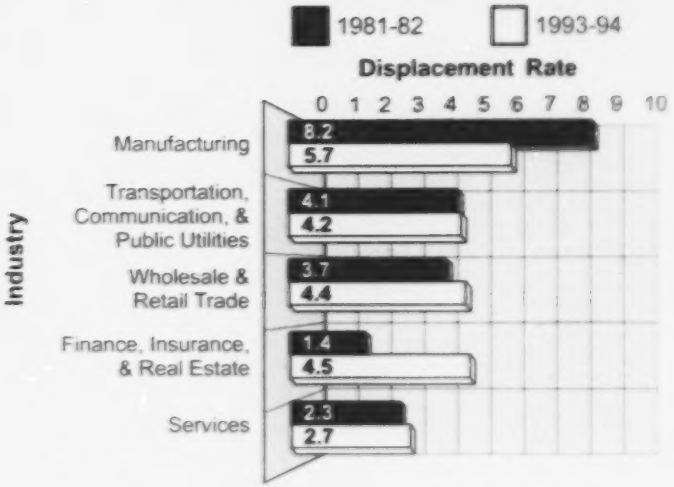
Displacement Rates Rise in Non-Manufacturing Industries



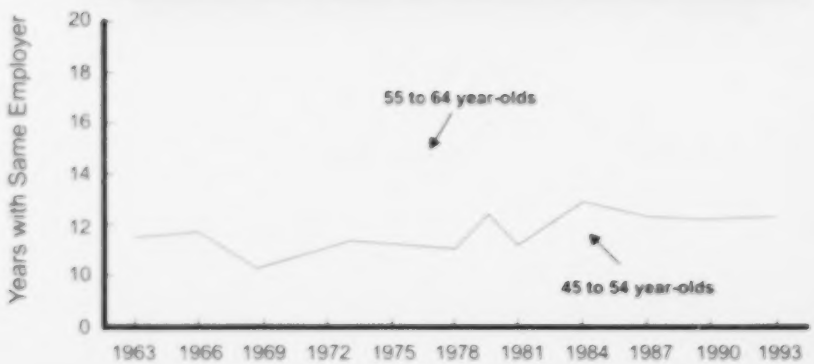
At the same time, the displacement rates among industries has also shifted. The risk of job loss for workers in many non-manufacturing industries rose, while the risk of loss among manufacturing workers fell. The displacement rate for workers in manufacturing industries fell by one-third between 1981-82 and 1993-94 and the displacement rate for workers in the finance, insurance, and real estate sector tripled over the same time period.

Source: Steven Hipple, "Worker Displacement in an Expanding Economy" Monthly Labor Review, December 1997.

Despite Headlines and Perceptions About Declining Job Security, Lifetime Jobs Are Not Disappearing...

Despite the widespread perception that jobs today are less stable than they used to be, a recent study found just the opposite. This study found that lifetime jobs are just as prevalent in the 1990's as they were during the 1970's.

Job Duration in the 1990's is Similar to that in the 1970's



Source: 1997 Economic Report of the President.

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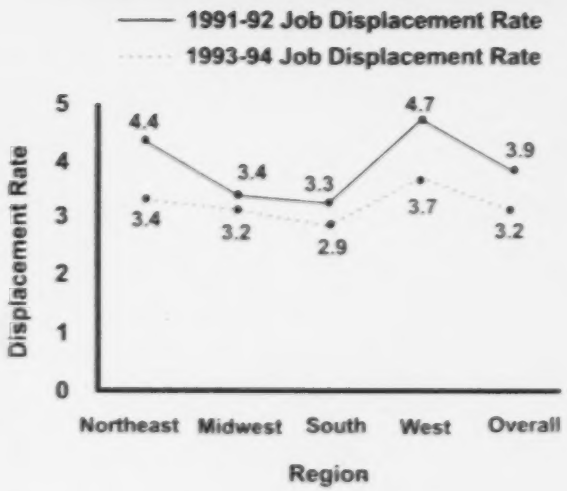
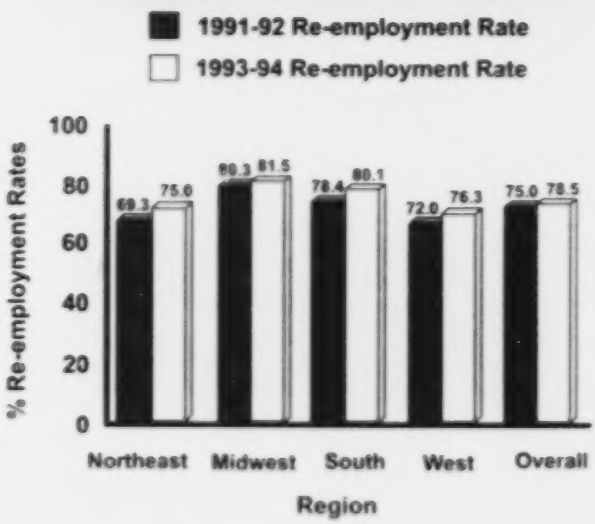
Job Displacement and Re-employment Opportunities Vary by Region of the Country...

As the US economy improved, worker displacement declined in every region in the US. However, the risk of job loss remained higher in the Northeast and the West as compared to South and Midwest. These differences reflect the different mix of industries within these regions and the differential effect of structural change in these regional economics. In the early 1980's, the risk of job loss, for instance, was more acute in the Midwest than in other regions while risk of job loss is now higher in the Northeast and the West. In addition, displaced workers in the Midwest and the South were much more likely to be re-employed reflecting the strength of job creation in these regions compared to the Northeast and West in the early 1990's..

Job Displacement Rates Vary By Region



Re-employment Rates Highest in Midwest and South



Source: Steven Hipple, "Worker Displacement in an Expanding Economy" Monthly Labor Review, December 1997.

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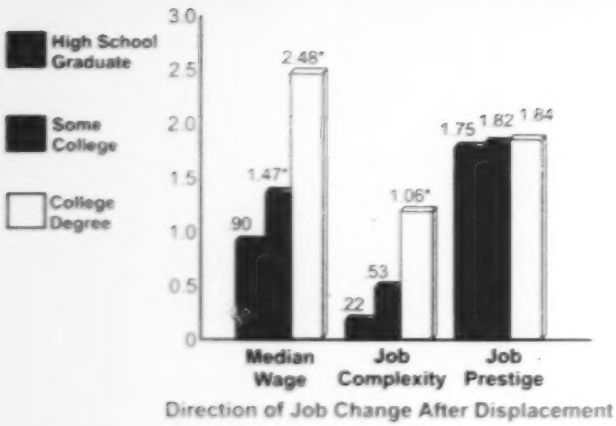
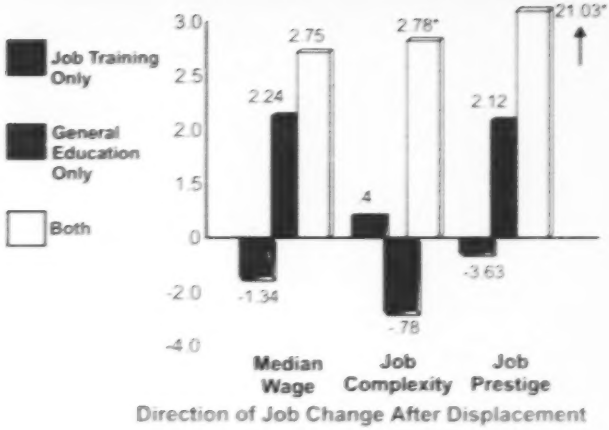
Training and Education for Displaced Workers Do Make a Difference for Workers...

Displaced workers who receive training do better than those who do not participate in training. Displaced workers that participated in training programs were more likely to obtain more complex jobs and jobs that had higher occupational prestige compared to workers who did not participate in training. In addition, those receiving both job training and general education did better than those participating in only job or general education training. Also, those persons with more education moved to improved jobs as measured by gains in median wage, job complexity, and job prestige.

Education Makes A Difference



Training Helps Workers Move To Better Jobs



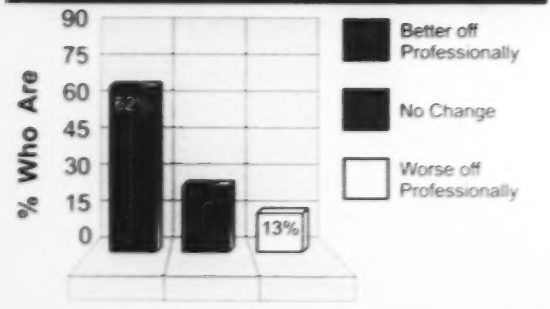
Source: Yolanda K. Kodrzycki, "Training Programs for Displaced Workers: What Do They Accomplish?" New England Economic Review, May/June 1997

*** Differences are significantly different then zero at the 5 percent level or higher.**

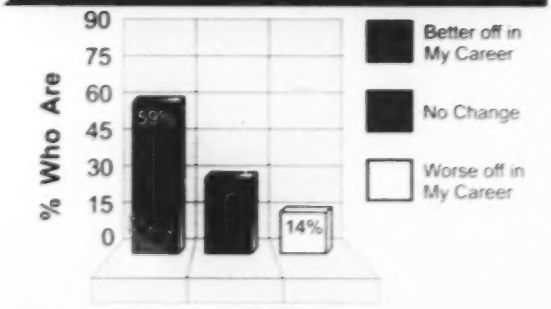
Workers Are Extremely Resilient Despite Downsizing...

Of those workers who lost their jobs due to downsizing, over 6 in 10 workers say they are better off professionally after losing their job compared to just over 1 in 10 who feel they are worse off after losing their job. In addition, employees that were downsized were over 4 times more likely to say they are better off in their careers after downsizing than to those who say their careers were damaged by downsizing.

Worker Perceptions About Effect of Job Loss on Professional Growth



Downsizing Effects on Worker's Careers



Source: The Interim Services, Inc. Study of the Emerging Workplace, November 1997.

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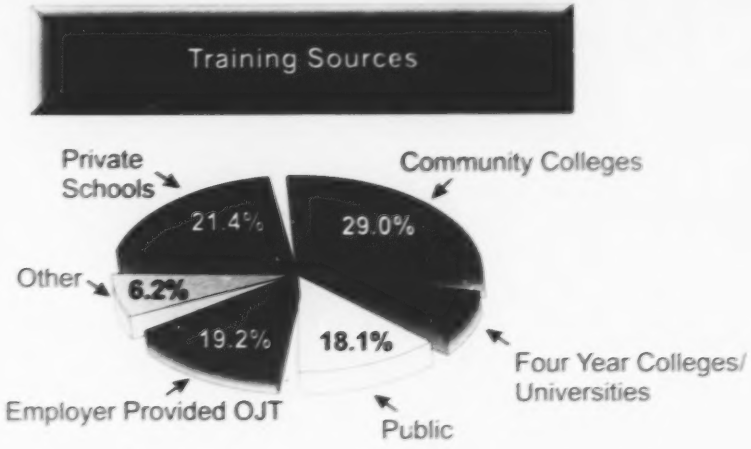
Displaced Workers Seek Training From a Wide Variety of Sources...

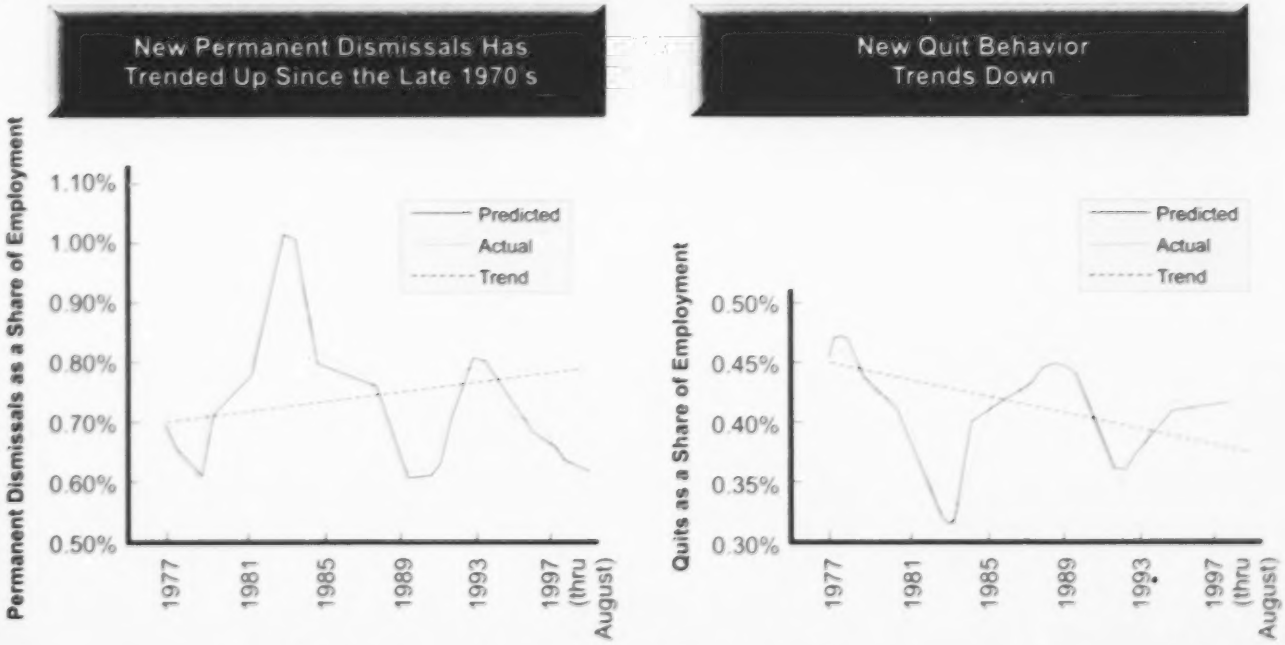
Displaced workers received training from a wide variety of sources. Over one in three displaced workers received training provided by colleges and universities (includes both two and four year institutions). Displaced workers were about as likely to receive training from public institutions, private schools, and employer-provided on-the-job



Source: U.S. Department of Labor, Office of Inspector General, "Audit of JTPA III Retraining Services, Program Year 1991," March 1995.

Job Security Fears Have Not Risen In The 1990's...

Over the last several years, there is a long-term upward trend in the rate of permanent job dismissals and a long-term downward trend in quit behavior. However, as the graphs below suggest, the experience in the 1990's does not reveal significant departures from the long-run relationships between the overall unemployment rate and permanent job loss and quit behavior and thus no reason to believe that job security fears have risen in the 1990's.



Source: Rob Valleta and Randy O'Toole, "Job Security Update," Federal Reserve Board of San Francisco Economic Letter (Number 97-34), November 14, 1997.

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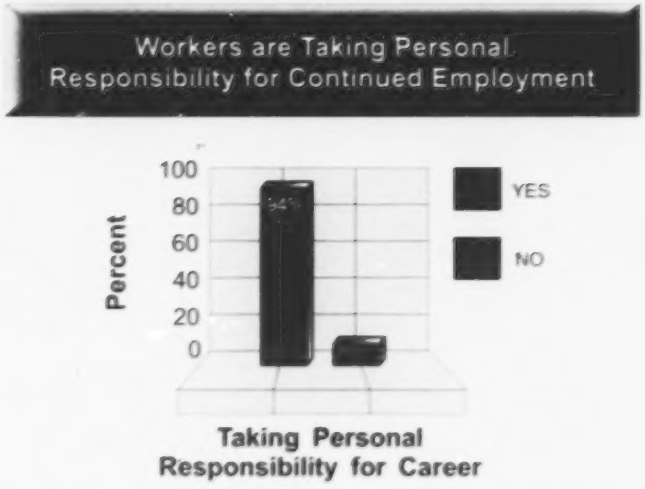
Employees are Taking More Responsibility For Their Careers...

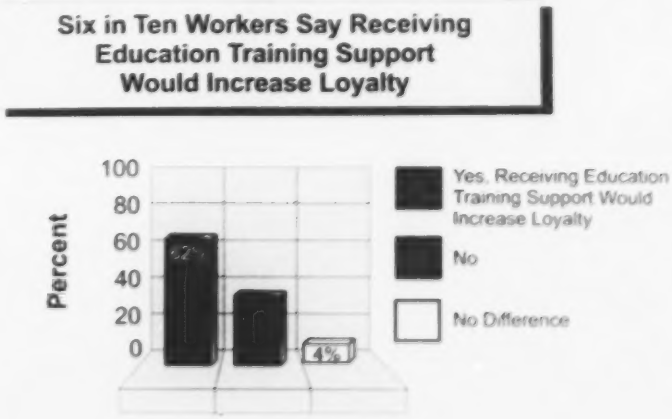
Employees are taking charge of their own careers. In a recent Towers Perrin survey, over 9 in 10 respondents agreed that it is their responsibility, rather than the companies, to remain employable by continually learning new skills. This suggests that employers must also look beyond the more familiar elements of jobs -- such as pay and benefits -- to consider a broader range of components such as skill development, lateral career movement, and other forms of recognition for performance that attract top performers.



Source: The 1997 Towers Perrin Workplace Index.

Education and Training is a Key to Improving Employee Loyalty...

For many companies, investing in employee education and training is a key to ensuring that employees stay with them. Employees that receive education and training from their employer are much more likely to stay with their current employer versus those that do not receive education and training support from their employers.



Source: The Interim Services, Inc. Study of the Emerging Workplace, November 1997.

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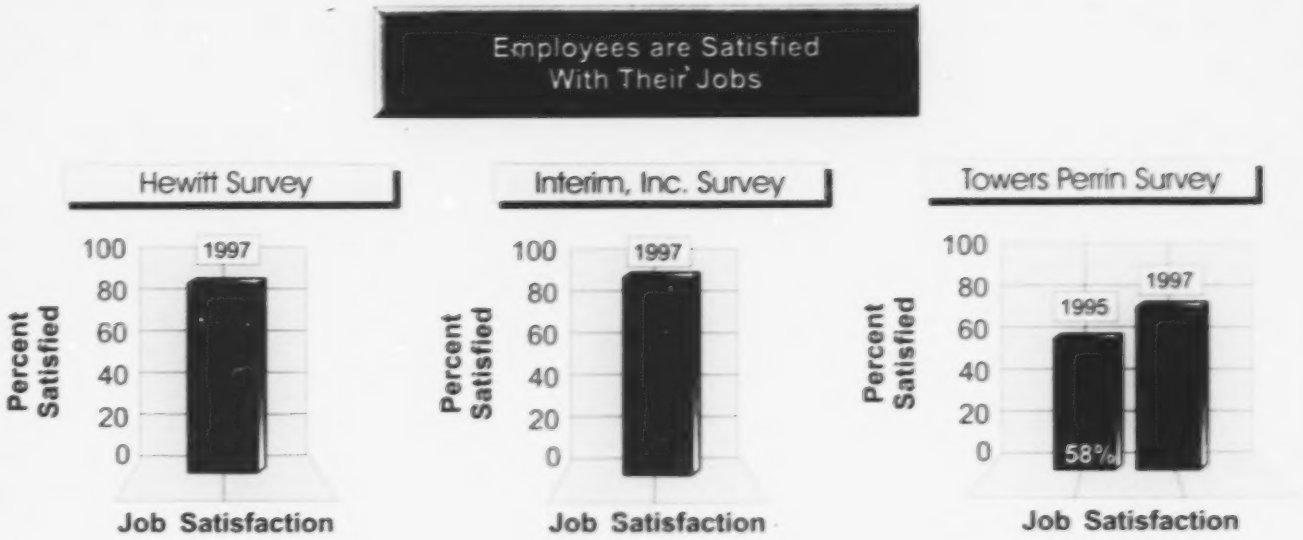
Employees Are Satisfied With Their Jobs...

Several recent surveys find that employees are satisfied with their jobs despite the changes and upheavals their companies have gone through. Indeed, the Towers Perrin survey found that employee satisfaction jumped 14 percentage points over the last 2 years.



Source: Hewitt Associates, LLC Opinion Survey, April 1997; The Interim Services, Inc. Study of the Emerging Workplace, November 1997; and the 1997 Towers Perrin Workplace Index.

A New Type of Worker is Emerging in the Workplace...

A recent survey conducted by Louis Harris & Associates for Interim Services, Inc. finds that a new type of worker is emerging in today's workplace. As the table below shows, there are sharp contrasts among workers who fit either the "traditional" or "emerging" worker profile across several important dimensions that will pose a significant challenge to employers to deliver on their part.

"Traditional"	"Emerging"
Demand long-term job security	Job security not a driver of commitment
Are less satisfied with their jobs	Are more satisfied with their jobs
Changing jobs often damaging to careers	Changing jobs often part of growth
Defines loyalty as tenure	Defines loyalty as accomplishment
Work is an opportunity for income	Work provides a chance to grow
Employer is responsible for career growth	Individual is responsible for career growth

Source: The Interim Services, Inc. Study of the Emerging Workplace, November 1997.

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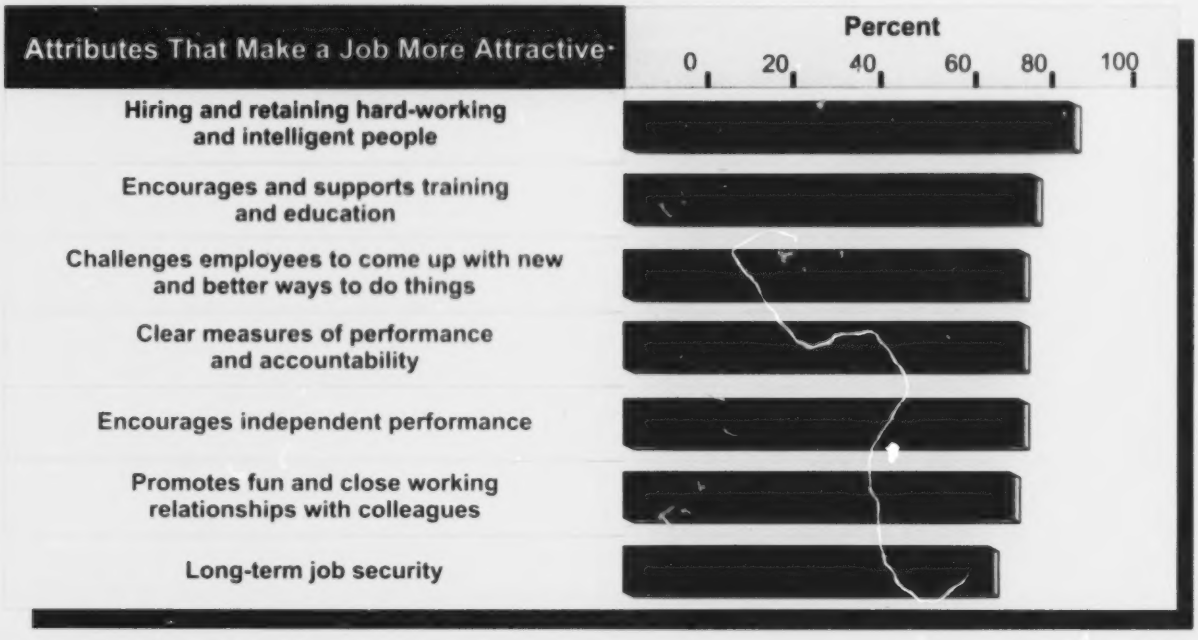
Top Performing Workers are Looking for the Following Features in Their Workplace...

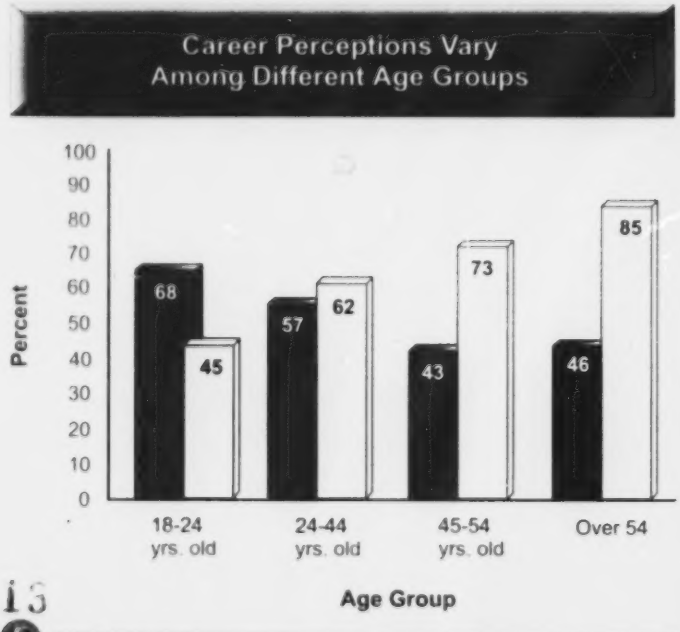
As a new relationship between employers and employees emerges, workers are looking for a range of new attributes in the workplace. Organizations that invest in the development of their employees and reward workers for performance are redefining the most important workplace attributes that employees value.


Attributes That Make a Job More Attractive
Percent
0
20
40
60
80
100
Hiring and retaining hard-working and intelligent people
Encourages and supports training and education
Challenges employees to come up with new and better ways to do things
Clear measures of performance and accountability
Encourages independent performance
Promotes fun and close working relationships with colleagues
Long-term job security

Source: The Interim Services, Inc. Study of the Emerging Workplace, November 1997.

Different Age Groups Have Different Perceptions About Jobs and Careers...

Perceptions about opportunities to advance and the desire to stay with their current employer differ markedly across age groups. Younger people are more likely to see more opportunities to advance but also say they are less likely to spend their career with their current employer.



Source: The 1997 Towers Perrin Workplace Index.

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